

**FRIDAY, NOVEMBER 6, 2009**

Notice having been duly given, the regular meeting of the South Coast Air Quality Management District Board was held at District Headquarters, 21865 Copley Drive, Diamond Bar, California. Members present:

William A. Burke, Ed.D., Chairman  
Speaker of the Assembly Appointee

Mayor Dennis R. Yates, Vice Chairman  
Cities of San Bernardino County

Supervisor Michael D. Antonovich  
County of Los Angeles

Supervisor Marion Ashley  
County of Riverside

Councilman Michael A. Cacciotti (arrived at 9:15 a.m.)  
Cities of Los Angeles County – Eastern Region

Supervisor Bill Campbell  
County of Orange

Ms. Jane W. Carney  
Senate Rules Committee Appointee

Supervisor Josie Gonzales  
County of San Bernardino

Dr. Joseph K. Lyou  
Governor's Appointee

Mayor Miguel A. Pulido (arrived at 9:10 a.m.)  
Cities of Orange County

Councilwoman Tonia Reyes Uranga (arrived at 9:15 a.m.)  
Cities of Los Angeles County – Western Region

Members Absent:

Mayor Ronald O. Loveridge  
Cities of Riverside County

Councilwoman Jan Perry  
City of Los Angeles

**CALL TO ORDER:** Chairman Burke called the meeting to order at 9:05 a.m.

- Pledge of Allegiance: Led by Dr. Burke.
  
- Opening Comments

Dr. Lyou. Noted that an excellent presentation by Health Effects Officer Dr. Jean Ospital on the Effects of Near Roadway Air Pollution was given at the Environmental Justice Advisory Group meeting, which led to a discussion related to the authority and responsibility of local, county, state and federal regulatory agencies as to its monitoring of near roadway effects and ways in which the Advisory Group could work with District staff in resolving these issues.

Supervisor Antonovich. Requested that the flags be flown at half mast for those who were shot at Fort Hood on November 5, 2009.

### **CONSENT CALENDAR**

1. Minutes of October 2, 2009 Board Meeting and of October 22, 2009 Special Board Meeting
  
2. Set Public Hearings December 4, 2009 to Consider Amendments and/or Adoption to AQMD Rules and Regulations:
  - (A). Amend Rule 1112.1 – Emissions of Particulate Matter and Carbon Monoxide from Cement Kilns
  
  - (B). Amend Rule 1145 - Plastic, Rubber, Leather and Glass Coatings
  
3. Execute Contract for Operation of Diamond Bar Headquarters Cafeteria
  
4. Execute Truck Fleet Modernization Contracts for Carl Moyer Program
  
5. Authorize Purchase of Ingres Relational Database Management System Software Support

6. Appropriate Funds from Undesignated Fund Balance to Planning, Rule Development and Area Sources FY 2009-10 Professional and Special Services Account Budget for Contracts for CEQA Analysis for Proposed Expansion and Modernization of Union Pacific's Intermodal Container Transfer Facility
7. Establish List of Prequalified Consultants for Assistance Preparing CEQA Documents and Other CEQA-related Technical Analyses
8. Issue Program Announcement for Electric Lawn Mower Vendors
9. Recognize Revenue from Department of Energy and Execute Contracts for Expansion of LNG Fleet and LNG Corridor Fueling Infrastructure
10. Recognize Funds, Approve Additional Truck Projects, and Amend Technical Assistance Contracts under Proposition 1B Goods Movement Program

***An errata sheet containing revisions to the Item was provided to the Board Members and copies made available to the public.***

11. Amend Two Contracts and Execute Three New Contracts under Carl Moyer Program
12. Appropriate Funds for Purchase and Implementation of PeopleSoft Enterprise Payroll (ePay)
13. Approve Contract Modifications under FYs 2005-06 & 2007-08 Work Programs; and Additional Local Government Match Program Awards and Funding to Exercise Contract Option for Programmatic Outreach Services as Part of FY 2009-10 AB 2766 Discretionary Fund Work Program
14. Remove Various Fixed Assets from AQMD Inventory
15. Public Affairs Report
16. Hearing Board Report
17. Civil Filings and Civil Penalties Report
18. Lead Agency Projects and Environmental Documents Received by AQMD
19. Rule and Control Measure Forecast

- 20. Report of RFPs and RFQs Scheduled for Release in November
- 21. Status Report on Major Projects for Information Management Scheduled to Start During First Six Months of FY 2009-10

Regarding Item 1, Dr. Lyou announced that he would abstain from the approval of the minutes of the Special Board meeting held on October 22, 2009, as he was not in attendance at that meeting. Supervisor Gonzales announced that she would abstain from Item 2A.

MOVED BY CARNEY, SECONDED BY YATES, THE BOARD APPROVED AGENDA ITEMS 1 THROUGH 21, AS RECOMMENDED BY STAFF, WITH THE REVISIONS TO AGENDA ITEM NO. 10 AS SET FORTH IN THE ERRATA SHEET AND NOTED BY THE FOLLOWING VOTE:

AYES: Antonovich, Ashley, Burke, Campbell, Carney, Gonzales (*except No. 2A*), Lyou (*except No. 1, Minutes of Special Board Meeting*), and Yates.

NOES: None.

ABSTAIN: Gonzales (*Item No. 2A only, due to a campaign contribution from Cal Portland Cement*) and Lyou (*Item No.1, Minutes of the Special Board Meeting*).

ABSENT: Cacciotti, Loveridge, Perry, Pulido and Reyes Uranga.

**Agenda Item No. 10 revised as follows:**

*RECOMMENDED ACTIONS:*

- A. Recognize up to ~~\$33 million~~ **\$34.15 million** in Proposition 1B - Goods Movement Program funds from CARB into the AQMD's Proposition 1B - Goods Movement Program Fund (81).

*Table 3: Proposed Additional Phase 2 LNG Truck Replacement Projects*

*Remove the following applicant:*

**~~713-000~~ — ~~Saul Moreno~~**

*Add the following projects:*

<b>AQMD Project ID</b>	<b>Applicant Name</b>	<b>VIN</b>
625-001	Pac Anchor Transportation, Inc.	1FUJA6CG82PJ66251
625-002	Pac Anchor Transportation, Inc.	1FUJA6CG62PJ66247
625-003	Pac Anchor Transportation, Inc.	1FUJA6CG92PJ66257
625-004	Pac Anchor Transportation, Inc.	1FUJA6CGX2PJ66350
625-005	Pac Anchor Transportation, Inc.	1FUYSZYB3XLA79868
625-006	Pac Anchor Transportation, Inc.	1FUJA6CG32PJ66190
625-007	Pac Anchor Transportation, Inc.	1FUJA6CG62PJ02645
625-008	Pac Anchor Transportation, Inc.	1FUYSZYB0XLA79889
625-009	Pac Anchor Transportation, Inc.	1FUJA6CG12PJ66253
625-010	Pac Anchor Transportation, Inc.	1FUYSZYB1XLA58811
625-011	Pac Anchor Transportation, Inc.	1FUYPYB6PP468220
625-012	Pac Anchor Transportation, Inc.	1FUYSZYB1XLA79674
625-013	Pac Anchor Transportation, Inc.	1HSRKAHR3SH608617
625-014	Pac Anchor Transportation, Inc.	1FUYYDYB0XPA31265
625-015	Pac Anchor Transportation, Inc.	1FUYSZYB2YLA79104
625-016	Pac Anchor Transportation, Inc.	1FUYSZB3YMF92260
625-017	Pac Anchor Transportation, Inc.	1FUYYDZYB1VL818756
625-018	Pac Anchor Transportation, Inc.	1FUPACXB4PL420950
625-019	Pac Anchor Transportation, Inc.	1FUPCDYB5TH697540
625-020	Pac Anchor Transportation, Inc.	1FUYSZYB9XLA79700
625-021	Pac Anchor Transportation, Inc.	1FUYSZYB8WL972887
625-022	Pac Anchor Transportation, Inc.	1FUYSZYB0XLA79780
625-023	Pac Anchor Transportation, Inc.	1FUYSZB9WL447388
625-024	Pac Anchor Transportation, Inc.	1FUYSZYB3XLA00439
625-025	Pac Anchor Transportation, Inc.	1FUYSZYB6XLA79914
625-026	Pac Anchor Transportation, Inc.	1FUYYDSEB7VH683488
625-027	Pac Anchor Transportation, Inc.	2HSFHAMR7VC033067
625-028	Pac Anchor Transportation, Inc.	1FUYYDSEBXXP915767
625-029	Pac Anchor Transportation, Inc.	1FUYYDSEB9XP953670

(Pulido arrived at 9:10 a.m.)

22. Items Deferred from Consent Calendar – None.

## **BOARD CALENDAR**

*Note: There was no CARB meeting held in October; the next meeting is scheduled for November 19, 2009.*

23. Administrative Committee and Special Meeting of the Administrative Committee
24. Legislative Committee
25. Mobile Source Committee
26. Stationary Source Committee
27. Technology Committee
28. Mobile Source Air Pollution Reduction Review Committee

MOVED BY YATES, TO APPROVE AGENDA ITEMS 23 THROUGH 28 AS RECOMMENDED, RECEIVING AND FILING THE COMMITTEE REPORTS AND APPROVING THE PROPOSED LOCOMOTIVE LEGISLATION AND 2010 LEGISLATIVE GOALS AND OBJECTIVES, BY THE FOLLOWING VOTE:

AYES: Antonovich, Ashley. Burke, Campbell, Carney, Gonzales, Lyou (*except No. 24, as to Legislative Goals and Objectives*) Pulido, and Yates.

NOES: Lyou (*No. 24 only, as to Legislative Goals and Objectives*).

ABSENT: Cacciotti, Loveridge, Perry and Reyes Uranga

## **PUBLIC HEARINGS**

29. Adopt Proposed Rule 1155 - Particulate Matter Control Devices

MOVED BY YATES, SECONDED BY CAMPBELL, AND UNANIMOUSLY CARRIED (Absent: Cacciotti, Loveridge, Perry, and Reyes Uranga) THE PUBLIC HEARING ON PROPOSED RULE 1155 WAS CONTINUED TO THE DECEMBER 4, 2009 BOARD MEETING, AS RECOMMENDED BY STAFF.

30. Amend Rule 1111 - NOx Emissions from Natural-Gas-Fired, Fan-Type Central Furnaces

Joe Cassmassi, Planning and Rules Manager, gave the staff presentation. In addition to certifying the CEQA document and amending Rule 1111 as proposed, staff recommended allocation of \$3,000,000 for the early compliance program and \$1,000,000 for the technology compliance studies. Staff introduced an errata sheet that would add language to the Board's resolution directing the staff, as part of the technology assessment, to evaluate an alternative compliance option that staff would bring back to the Board in 2013. Copies of the errata sheet were distributed to Board members and made available to the public.

Mayor Pulido asked staff to consider increasing the differential in the cost incentives for early compliance between the standard efficiency and high efficiency units, quantifying the carbon reduction offsets resulting from the high efficiency units, and to keep in mind the alternatives that may develop from the rapid technological advances that are occurring.

Mr. Cassmassi responded that in discussion with The Gas Company and comments from the environmental community, staff has considered including an additional tier for the high efficiency units.

Supervisor Campbell asked staff to clarify who has access to the \$1,000,000 for research and how the AQMD would partner with them if a patentable product is developed. Dr. Wallerstein explained that staff would be bringing an RFP to the Board for approval. Staff will meet with industry on the patent issue, and bring that option to the Board at the time of RFP approval.

Dr. Lyou asked staff where the monies for the technology development would be coming from, and whether or not the funds could be directed at developing the higher efficiency units. Additionally, Dr. Lyou asked about implementing a mitigation fee to help reduce the cost of these units for low-income or fixed-income people; and suggested that might be appropriate for consideration when staff brings back the technology assessment in 2013.

Dr. Wallerstein responded that the monies came from mitigation fees imposed on the water heater industry, which incurred a similar rule amendment several years ago. Dr. Wallerstein also explained that staff would explore the feasibility of the funds being directed at the higher efficiency units; however, since the technology is still being developed for both the standard and the high efficiency units, staff will continue to research and make a determination at a later date.

(Cacciotti and Reyes Uranga arrived at 9:15 a.m., during the staff presentation)

The public hearing was opened and the following individuals addressed the Board to speak on Agenda Item No. 30.

MORGAN WYENN, Natural Resources Defense Council

Expressed support for PAR 1111, and urged the Board's approval as recommended. Noted her concerns, however, that the rule be structured to utilize a greater energy efficiency. Suggested that the technology development funds be granted to bolster energy efficiency as well as to reduce NOx emissions; and that the early compliance incentive funds should be used in a tiered approach, with less funds for the standard efficiency units and more funds being given for the high efficiency units. (Submitted written comments)

DAN McGIVNEY and LEE WALLACE, Southern California Gas Company (SoCal Gas) and San Diego Gas and Electric (SDG&E)

Expressed support for PAR 1111, noting that: (i) development and field testing of new low NOx burner technology would be challenging, especially for high efficiency residential furnaces; (ii) the proposed amended rule's early compliance incentive funds and funding for technology development may be necessary for manufacturers to develop higher efficiency units here, which generally cost \$500 to \$750 more than the less efficient units; and (iii) the proposed compliance schedule is the minimum time needed to research and develop rule compliant high efficiency furnaces as proposed by staff.

(Submitted written comments)

In response to Board Members' questions, Mr. McGivney indicated that (i) SoCal Gas and SDG&E did support the incentive program, including supporting a higher incentive amount for high efficiency units; (ii) SoCal Gas would more likely be an additional funder for these types of projects; and (iii) there could be a requirement under the technology assessment to evaluate different Btu gases and report their impacts.

Mr. Wallace stated that they have requested that the entire range of gases available in Southern California be tested and certified; not only for residential furnaces, but for all certifications being done.

FRANK STANONIK, Air Conditioning, Heating and Refrigeration Institute (AHRI)

Noted the concern they have expressed throughout the rulemaking process for PAR 1111 that the technologies to be applied to residential gas furnaces to reduce NOx emission to the level proposed in amended Rule 1111 have not been identified; and expressed their belief that conducting research and finding a commercially available technology would be best. However, District staff has modified proposed amended Rule 1111 to add provisions that respond to their concerns; and they support the addition of the technology assessment and the incentive of \$1,000,000 for research development. In view of these changes, they do not oppose the adoption of proposed amended Rule 1111. Requested that the alternative compliance mitigation fee option be added back into the rule, noting that the provision does not change the rule, but provides a reasonable backup if problems occur in the developing of compliant furnaces.

(Submitted written comments)

There being no further public testimony on this item, the public hearing was closed.

Written Comments Submitted by:

Adriano Martinez, Natural Resource Defense Council  
Martin Schlageter, Coalition for Clean Air

Dr. Wallerstein commented that while the RFP is being developed, staff could contact SoCal Gas and the PUC with regard to obtaining matching funds. Regarding the last request, to see how the technology develops, he indicated, as noted in the errata sheet, staff is committed to coming back to the Board prior to actual implementation of the limits; and, if the technology assessment warrants, a mitigation fee may be proposed for the Board's consideration for approval or disapproval at that time.

MOVED BY CAMPBELL, SECONDED BY CACCIOTTI, AND UNANIMOUSLY CARRIED (Absent: Loveridge and Perry), THE BOARD APPROVED AGENDA ITEM 30, AS RECOMMENDED BY STAFF, INCLUDING THE MODIFICATION TO THE RESOLUTION AS SET FORTH IN THE ERRATA SHEET AND NOTED BELOW:

- 1) ADOPTING RESOLUTION NO. 09-24, AMENDING RULE 1111 AND CERTIFYING THE FEA; AND
- 2) ALLOCATING UP TO \$4,000,000 FROM FUND 27, AIR QUALITY INVESTMENT FUND:
  - A. \$3,000,000 for early compliance with Rule 1111 emission limits, and
  - B. \$1,000,000 for technology contracts in support of Rule 1111.

**Addition to Resolution:**

*“WHEREAS, the AQMD Governing Board directs staff to evaluate as part of the technology assessment in proposed Amended Rule 1111 – NOx Emissions from Natural-Gas-Fired, Fan-Type Central Furnaces, an alternative compliance option that would allow manufacturers to delay compliance with*

*the 14ng/Joule limit for up to three years  
and require the payment of mitigation  
fees; and”*

31. Request to Revise 8-Hour Ozone and PM2.5 Transportation Conformity  
Emission Budgets for South Coast Air Basin and Coachella Valley

***This item was withdrawn by staff.***

**PUBLIC COMMENT PERIOD – (Public Comment on Non-Agenda Items, Pursuant to  
Government Code Section 54954.3)**

Mr. Frank Stanonik, with AHRI, commented that significant changes are taking place in regards to efficiency in furnaces; most significantly, in the area of condensing furnaces. Energy advocates will be going to Congress and the Department of Energy to set new minimum efficiency standards, which could affect new residential buildings in California. He suggested that more information be gathered before staff gets too involved in using emissions regulations to drive efficiency.

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Supervisor Campbell announced that the Caterpillar Tractor Company has developed an electric powered D7 that is being displayed at various landfill sites in Orange County. He invited any interested Board members to attend a demonstration on November 17, 2009, at 3:30 p.m., at the landfill adjacent to the City of Brea.

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**NO CLOSED SESSION**

**ADJOURNMENT**

There being no further business, the meeting was adjourned by Chairman Burke at 10:00 a.m.

The foregoing is a true statement of the proceedings held by the South Coast Air Quality Management District Board on November 6, 2009.

Respectfully submitted,

ALTHERESA ROTHSCHILD  
Deputy Clerk Transcriber

Date Minutes Approved: \_\_\_\_\_

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Dr. William A. Burke, Chairman

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**ACRONYMS**

CEQA =California Environmental Quality Act

FEA = Final Environmental Assessment

LNG = Liquified Natural Gas

NO<sub>x</sub> = Oxides of Nitrogen

PAR = Proposed Amended Rule

PUC = Public Utilities Commission

RFP = Request for Proposals